Re-financing of farmers' loan

713. SHRI S.M. LALJAN BASHA: Will the Minister of FINANCE be pleased to state:

(a) whether Reserve Bank of India has devised a schema to allow commercial banks to re-financing the loans taken from money-lenders by farmers all over the country;

(b) what are the details thereof;

(c) whether banks have finalized any terms for re-financing the private money-lenders' loan;

(d) to what extent banks have implemented this scheme; and

(e) the details of the implementation of this scheme in the various States?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (e) The announcement made by the Government on 18th June 2004 not only envisages increase in Ground Level Credit flow to agriculture and allied activities by 30% during 2004-05 and doubling the flow in three years, but also provide for many relief measures including relief measures for farmers indebted to non-institutional lenders, i.e. money-lenders. Reserve Bank of India (RBI) and Indian Banks' Association (IBA) have advised all the scheduled commercial banks on 24th June, 2004 and 9th July, 2004 respectively for providing relief to farmers, including farmers indebted to non-institutional lenders. IBA and RBI have prepared a model scheme for providing relief to farmers indebted to non-institutional lenders *vide* which banks will include the indebtedness intended to be taken over from non-institutional lenders as part of assessment of limits under Kisan Credit Card Scheme. Banks will also adopt a group approach (Self-Help Groups or Joint Liability Groups) for granting relief against indebtedness due to borrowings from non-institutional borrowers. The progress in implementation of the Scheme will be monitored on a continuous basis by the RBI, IBA and NABARD.

Norms on NRI deposits

714. SHRIMATI N.P. DURGA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Reserve Bank of India has revised the

norms on NRI deposits by disallowing entities other than authorized dealers and banks from accepting deposits from NRIs;

(b) if so, the details thereof;

(c) whether the banks and other financial institutions would be allowed to accept deposits from the NRIs by debiting to their non-residential external and foreign currency non-resident accounts; and

(d) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) Yes, Sir. Deposits by NRIs with entities other than Autnorised Dealers/Authorised Banks out of inward remittances from overseas or by debit to NRE/FCNR(B) accounts are not permitted since 24th April, 2004. However, entities other than authorised dealers/Authorised Banks may continue to hold and also renew existing NRI deposits held in their books in the name of NRIs on repatriation and non-repatriation basis, as the case may be. The interest earned on such deposits will continue to be eligible for repatriation.

(c) and (d) (i) Authorised Dealers are eligible to accept deposits by debit to NRE/FCNR(B) Account.

(ii) Authorised Banks (i.e. co-operative banks etc.) can accept deposits by debit to NRE Account.

(iii) Financial Institutions who are Authorised Dealers are eligible to accept deposits from Non-Residents-out of Rupee funds.

Foreign exchange reserves

715. SHRI K. RAMA MOHANA RAO:
SHRI RAMAMUNI REDDY SIRIGIREDDY:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that enormous rise in the foreign exchange reserves is going to create problem in future;

(b) whether it is also a fact that according to the National Commission of Applied Research, with increase in foreign exchange reserves there is every possibility of inflation going up and thereby creating other problems in the country; and